

COAST TO CAPITAL LOCAL GROWTH FUND OUTLINE BUSINESS CASE

Project Title:	Heritage Centre Stage: Reawakening Brighton's Royal Estate
Lead delivery organisation:	Brighton & Hove City Council
Lead contact name:	Nick Hibberd, Executive Director Economy, Environment & Culture
Version No:	1
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This document provides a template for an Outline Business Case (OBC) in support of Coast to Capital's investment in a project to be funded through the Local Growth Fund.

The main purpose of the OBC is to put forward the case for change and the preferred way forward identified in an internal Strategic Outline Case (SOC); which establishes the option which optimises value for money; outlines the deal and assesses affordability; and demonstrates that the proposed scheme is deliverable.

In practice, you will find this entails updating the strategic case; undertaking investment appraisal within the economic case; and completing the commercial, financial and management cases, with supporting benefits and risk registers.

Please note that this template is for guidance purposes only and should be completed in accordance with any guidance issued by Coast to Capital and the guidelines laid down in HM Treasury's Green Book which can be found at

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220541/green_book_complete.pdf

The OBC should cover the 5 cases – the Strategic case, the Economic case, the Commercial case, the Financial case and the Management case.

The amount of work and detail put in to a Business Case should be proportionate to the scale of the project or programme, and the expenditure involved.

Coast to Capital Disclaimer

There shall be no expectation of grant payment unless and until a funding agreement is signed by both parties. All the Applicant's costs and charges incurred as a result of making this outline application shall be for the Applicant's account and cannot be claimed as part of the project except where feasibility funding has been prior awarded.

1. Executive Summary

1.2) Overview of the project including what opportunity or barrier the investment will unlock:

Heritage Centre Stage is a bold and significant initiative by the Royal Pavilion & Museums (RPM) and Brighton Dome & Festival Ltd (BDBF) to reunite the historic Royal Pavilion Estate.

This project has already received planning approval and listed building consent and provides certainty of proceeding from February 2017 if LEP funding is available.

The architect led design team has progressed the scheme design to RIBA Work Stage 5. Following an OJEU procurement process, a contractor is in place and works can proceed. The project is ready to spend LEP funds from February 2017.

Phase 1 of this ambitious regeneration of the Royal Pavilion Estate (RPE) will deliver a major restoration of the nationally important Grade I listed Corn Exchange & Grade II listed Studio Theatre to enhance audience comfort & help the building operate more efficiently.

LGF funding will support and provide certainty for the appointment of the preferred contractor to provide the full scope of works of the proposed option.

LGF are asked for £3million grant, which will be used to fund Phase 1 improvements to spaces within the Corn Exchange & Studio Theatre. These include significant structural improvements that rationalise operations and drive increased revenue surpluses in order to deliver against BDBF's ambitious business plan. Achievement of this plan is central to our vision for the Royal Pavilion Estate and its future contribution to the cultural and economic wellbeing of Brighton & Hove.

These will include visitor and artist facilities to improve the audience, artist and client experience and rationalise operations that will drive increased revenue surpluses to deliver against the BDBF business plan.

LGF is required to complete the funding model and provide match funding for significant ACE and HLF grant funding, which has already been secured. Without LGF, the funding model does not provide certainty that the project will be successfully completed to deliver the agreed scope of works and all the identified benefits to the local and regional economy.

The strategic drivers for the investment are:

- New Business Model & Commercial Strategy that increases future resilience by improving commercial performance and reducing running costs
- Enhanced contribution to Brighton's cultural tourism by a strengthened City Centre & Cultural Quarter offer.
- Returning the Royal Pavilion Estate to a world class heritage destination;
- Achieving the long term vision for both organisations;
- Evidence-based improved Visitor/ Audience experience;
- Improved Learning, Access & Participation;
- Protecting the heritage.

The project will be delivered in phases as follows;

PHASE 1: Physical up-grading and restoration to facilitate a new operating model for BDBF to: i) deliver a more compelling cultural offer for visitors and residents, ii) secure higher-yield conferencing clients for the city and iii) ensure self-generated income is increased substantially and creates surpluses sufficient to establish reserves for future heritage and buildings maintenance.

PHASE 2: Restoration of the Regency Royal Pavilion Garden, establishment of new interpretation, activity and Wayfinding, creation of a new Visitor Welcome Facility and restoration and re-interpretation of the Royal Pavilion.

PHASE 3: Restoration and new interpretation of Brighton Museum & Art Gallery, new interpretation and activity within Brighton Dome and creation of new heritage learning facilities within the Old Courthouse and Northgate House.

In Phase 1 new fit-for-purpose customer facilities and services & equipment boasting superb design, ambience & service will help to drive the commercial revenues necessary to provide the increases in operational surplus that will build a researched annualised maintenance allocation to care for the buildings. This will contribute to the long term financial viability of the city's key cultural industries driver.

Cultural learning activities for Children and Young People will be showcased and developed in spaces that enable Our Future City, a newly formed and nationally celebrated partnership of cultural, educational and public health organisations and digital businesses to develop and grow.

1.3) Please choose the theme in which the LGF funding will invest in directly (please choose only one main theme of relevance)

Infrastructure	<input type="checkbox"/>
Housing and Regeneration	<input type="checkbox"/>
Skills and workforce	<input type="checkbox"/>
Business and Enterprise	<input checked="" type="checkbox"/>

1.4) The fit with the Strategic Economic Plan and Devolution Deals

The *Coast to Capital Strategic Economic Plan March 2014 (SEP)* identifies a number of integrated investment packages for Brighton & Hove, one of which, on page 66, is *Brighton Valley Gardens, including Royal Pavilion Estate and Edward Street Quarter* and comments;

"The Royal Pavilion Estate is the City of Brighton & Hove's cultural heart and the Royal Pavilion is its internationally recognised emblem. Uniquely combining a historic Royal Palace and Regency garden, a museum and art gallery and three performing arts spaces. The project will develop, deepen, and broaden the cultural tourism offer of Brighton & Hove through increasing visitor spend within the cultural quarter and the city centre."

Providing LGF funding for this project would strengthen the LEP's support for the Valley Gardens & Cultural Quarter investment zone through a package of LEP investment that includes Valley Gardens Phases 1 and 2.

In doing so it will also support achievement of the SEP Strategic Priority (page 24), *Enable investment in Growth Locations and Opportunity Areas*.

The SEP, Appendix 6 (page 34) provides further commentary on the Royal Pavilion Estate Project and states that, the estimated economic impact of the Royal Pavilion Estate project is:

- Support 116 new FTE jobs annually
- Creative overall annual economic impact of Royal Pavilion Estate Venues' of up to £68m and 1,241 FTE jobs.

The proposed capital works will deliver:

- 227 construction jobs on total construction cost of £21.8m.
- 44 construction apprenticeships.

A Tourism South East study on behalf of BHCC carried out in 2012 on the economic impact of the Estate venues found that the net annual impact of visitor expenditure just for Brighton Dome & Brighton Festival alone was £17.5m with 317 FTE jobs supported. Taking this as the Phase 1 percentage of the Estate wide impact, Phase 1 can also be expected to result in 30 new FTE jobs.

While this funding bid is for the Phase 1 of a three phase project, the Phase 1 works represent circa 46% of the total project capital funding over the three phases.

In relation to the Royal Pavilion Estate, the *SEP Appendices and Transport Annex* notes on page 34, "that heritage is increasingly becoming in need of preservation and the city's cultural, creative and economic future depends on a plan that makes it possible for the Estate to live up to its potential as a world class heritage and cultural destination."

This application to provide crucial support for Phase 1 is the first step to achieving the Royal Pavilion Estate project and supports the LEP's aims for the Valley Gardens integrated investment programme and underpins delivery of the wider goals of sustainable economic growth.

The project will help to deliver against Skills and Workforce elements including supporting young people and employment and progression. The project includes an extensive volunteering programme that will increase capacity of individuals and improve their work chances. It will recruit 200 new volunteers from local people who are currently socially or economically excluded. Specifically volunteers in: archiving (10), oral history (30), curation/exhibition development (20), guiding & greeting (40), event management (20), marketing (20) and digital development (20) with a focused opportunity for young people to engage.

This project is included in the Greater Brighton Investment Programme project pipeline, confirmed in October 2014 and October 2015 and on 26 January 2016 the Greater Brighton Economic Board endorsed submission of the project for LEP funding.

The project will support local supply chains during construction and through the operation of Brighton Dome's extensive cultural and conferencing activities.

The project is investing in premises to promote economic activity and support growth of the local cultural and tourist economy and therefore sustainable economic growth. The flagship Brighton Festival, operated by BDBF and focused on Brighton Dome, attracts 150,000 visitors during May each year with year round visitors to the Brighton Dome of 600,000.

The tourism economy (including investment and effects of supporting businesses in the supply chain) is 9% of UK GDP* and can be expected to make a similar if not greater contribution to the local economy of Brighton & Hove.

Studies for VisitBritain on the tourism economy and other areas of economic activity have concluded that tourism activities create spill over benefits for a number of sectors and to wider policy agendas including economic and social inclusion, enterprise/business formation and regeneration*.

*Tourism jobs and growth. The economic contribution of the tourism industry in the UK. Deloitte & Oxford Economics, 2013

1.5) Expected Total Project Cost and source of funding. Please also complete the funding breakdown tab on the supporting spreadsheet.

	Amount	% of Total Cost
Total Project Cost	20,029,103	100
Applicant own funds	£1,320,000	6.6
Other public funds	£9,922,380	49.5
Private sector funds	£5,786,723	28.9
Funding requested from Coast to Capital LEP	£3,000,000	14.9

1.6) Expected tangible core outputs/outcomes: Please also complete the outputs tab of the supporting spreadsheet

Output/outcome	Metric	Number to be delivered
Employment- created and/or safeguarded	No.	347
Businesses assisted- financial and non- financial	No.	624
Skills- new learners and/or apprentices	No.	
New housing unit completions	Units	
New floor space constructed/refurbished- learning	Sq mtr	157
New floor space constructed/Refurbished- Commercial	Sq mtr	2652
Length of new roads/cycle ways	km	
Improvement to journey times	Minutes per mile	
Carbon reduction	Tonnes of CO2	39.961

1.7) Main risks and issues the project will need to manage? A full risk register will also need to be submitted as an annex.

The key risks include achieving the remaining partnership funding to successfully complete the agreed scope of works and therefore achieve the project outcomes. The fundraising campaign for private individual and trust funds is on-going and is proving successful against targets to date.

Construction risks include any delays to works affecting the Dome's operation and income and therefore, its on-going financial viability. Structural issues within the listed buildings arising during the works that were not identified previously will have to be carefully managed. Extensive structural surveys and additional investigations have been carried out to gather information that has been required as the structural design develops and should mitigate against further unknown issues causing delays.

A comprehensive risk register has been submitted as an annex.

DOCUMENT STATUS

REVISION HISTORY

Revision Date	Version No.	Summary of changes	Author/editor
05/06/2017	1		Richard Davies

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2. The Strategic Case

2.1) Describe the compelling case for change. Detail the problem or opportunity the project is intended to address, in terms of market failure or demand and the contribution the project will make to the delivery of the Coast to Capital Strategic Economic Plan and any other relevant plans and strategies. Why public funding is required?

Brighton Dome & Brighton Festival Ltd (BDBF) is a registered charity and leases the Brighton Dome from Brighton & Hove City Council. As a cultural organisation and venue, the Brighton Dome receives public funding from Arts Council England, Brighton & Hove City Council, charitable trusts and private individuals to carry out its activities that are recognised as critical for both the regional cultural industry and local economy. At the same time, BDBF operates commercially with hires of the premises for conferencing and other cooperate and commercial events and activities.

The project will deliver vital up-grading and refurbishment works to achieve a major revitalisation of Brighton Dome's heritage venues and secure the organisation's financial sustainability. The right conditions will be provided to achieve the new business model & commercial strategy that will increase future resilience by improving commercial performance and reducing running costs. The improved venues will drive new audiences and enable BDBF to deliver its 2020 vision: to be one of Europe's leading arts festivals and a year-round destination for artists and audiences

The business plan to achieve the new business model has influenced design development to ensure that income generation and operational savings are integral to the scheme proposals.

Arts Council England and HLF have both endorsed the project aims and have committed to supporting the project with more than £10m of combined funding while more than £1.6m of funding has been committed by private trusts and individuals.

The project will deliver against the *Coast to Capital Strategic Economic Plan March 2014 (SEP)*, which identifies a number of integrated investment packages for Brighton & Hove, one of which, on page 66, is *Brighton Valley Gardens, including Royal Pavilion Estate and Edward Street Quarter* and comments; "The Royal Pavilion Estate is the City of Brighton & Hove's cultural heart and the Royal Pavilion is its internationally recognised emblem. Uniquely combining a historic Royal Palace and Regency garden, a museum and art gallery and three performing arts spaces. The project will develop, deepen, and broaden the cultural tourism offer of Brighton & Hove through increasing visitor spend within the cultural quarter and the city centre."

Providing LGF funding for this project would strengthen the LEP's support for the Valley Gardens & Cultural Quarter investment zone through a package of LEP investment that includes Valley Gardens Phases 1 and 2.

In doing so it will also support achievement of the SEP Strategic Priority (page 24), *Enable investment in Growth Locations and Opportunity Areas*.

In relation to the Royal Pavilion Estate, the *SEP Appendices and Transport Annex* notes on page 34, "that heritage is increasingly becoming in need of preservation and the city's cultural, creative and economic future depends on a plan that makes it possible for the Estate to live up to its potential as a world class heritage and cultural destination."

2.2) Investment Objectives- detail the specific objectives to achieve the anticipated outcomes. The objectives should be stated in clear and measurable terms with a specified time frame.

The project's aims are to:

Develop a business model that increases BDBF's future resilience by improving commercial performance and reducing running costs, namely:

Increase ticketed income by 10%

Increase conferencing/private event contribution by 25%

Increase catering contribution by 50%

Increase BDBF's annual operating surplus from £50,000 in 2015/16 to £100,000 by 2019/20.

Increase annual investment in building maintenance by a further £100,000.

Establish a spatial framework for the Dome and improve accessibility, orientation and legibility.

Be a contemporary venue mindful of its historic home and make the Dome a heritage destination.

Take its place within a wider Royal Pavilion Estate masterplan.

Integrate with the landscape of New Road and the Royal Pavilion Garden.

Deliver BDBF's 2020 artistic vision including an annual increase of £100,000 to artistic investment.

Create a sense of arrival and buzz.

Be environmentally sustainable and incorporate digital technologies.

Key project outcomes are:

Improved business model producing higher surplus to invest in artistic product, building maintenance, reserves and training.

All 3 venues able to work together and separately, enabling better balance of artistic programme, commercial hires and conferences.

Improved working conditions and facilities for artists.

A space for learning and creative development.

Improved audience experience and orientation.

Improved conferencing facilities.

Improved technical equipment, and storage facilities & offices for venue critical staff.

Improved visitor, tourism, and heritage asset.

Improved Cultural Quarter presence.

2.3) How does the project fit with national, sub-regional and local investment plans and strategies?

This project is part of Brighton & Hove City Council's Cultural/City Centre Investment Programme within the council's Regeneration & Investment Programme. This brings together a number of regeneration and investment projects and programmes into an over-arching co-ordinated programme that is overseen by the Corporate Investment Board formed of the Executive Leadership Team.

The Regeneration & Investment Programme provides the necessary programme and project management arrangements and will ensure that all regeneration and investment projects and programmes are delivered as part of a co-ordinated programme, which meets the aims of the Corporate Plan and Sustainable Community Strategy.

The project is included within the Brighton & Hove Valley Gardens integrated investment package

identified in The Coast to Capital Strategic Economic Plan (page 66).

It is also included in the Greater Brighton Investment Programme project pipeline, which has been confirmed in both October 2014 and October 2015. On 26 January 2016, the Greater Brighton Economic Board endorsed submission of the project for this round of funding.

The project is included in the Brighton & Hove Economic Strategy 2013-18 as one of the named list of projects under the Strategic Objective *SO1 To enhance Brighton & Hove's distinctive destination and lifestyle offer*. Titled *Reinvigorating The Royal Pavilion Estate* the strategic objective is to safeguard the long term sustainability of the historic buildings and Estate.

BDBF is an Arts Council England (ACE) National Portfolio Organisation and receives core funding within the ACE 2015-18 strategic investment programme. National Portfolio Organisations deliver ACE strategic goals at national level.

2.4) What stakeholder consultation has been undertaken? What stakeholder consultation remains to be undertaken? What stakeholder support has been received? Have businesses been engaged and will continue to be engaged throughout the life of the project?

Extensive stakeholder consultation and research has been undertaken, specifically as part of development of the Royal Pavilion Estate Masterplan in 2013. This work further confirmed the need for the project and our wider ambition to create a world class cultural, heritage and arts destination in the heart of Brighton & Hove.

The extensive consultation plan included the following stakeholders:

EXTERNAL USERS

- Customers and Audiences
- Tourism Visitors
- Resident Artists
- Artists, General
- Conference users

EXTERNAL STAKEHOLDER, PARTNERS, etc.

- BHCC Culture & Economy Members and Officers
- BH Economic Partnership
- BHCC Planning & Conservation
- Visit Brighton
- English Heritage
- Heritage Lottery Fund
- Arts Council England
- Royal Pavilion & Brighton Museum and Art Gallery
- Schools, Community Users, Outreach
- Main Brighton Cultural Providers
- Digital Community
- Sponsors, Patrons Circle, current major corporate supporters

INTERNAL

- Board of Trustees
- Executive Management Team & Heads of Department
- Management Team
- Staff
- Other feasibility study consultants.

The main findings can be summarised as:

- The project fits with the corporate strategy and artistic vision but that it must achieve its aims via a sustainable business model.
- Strategic convergence is now taking place between BDBF's plan, possibilities for the Royal Pavilion Estate, City-wide strategies and indeed national cultural agendas incorporating MLA with ACE and promoting cross-cultural experiences.
- User-feedback suggests changes and improvements throughout the building are definitely required to enhance the audience experience and to encourage further visits and spend in the venues and city-wide.

- The artists and operations teams understand that the building is worked hard and clearly feel the time is right for a major overhaul of infrastructure and back-stage facilities. This is important for maintaining competitive artistic and commercial edge as the BDBF team are aware that BDFL's facilities are viewed as being poor by many in the arts and conferencing industries.

In addition market analysis and commissioned studies of commercial opportunity verify the potential for significant income generation if BDBF can get the building, its spaces, and its public/street presence right. In particular, the proposed new frontage will enliven a substantial part of New Road, a vital pedestrian and retail route with an annual footfall of over 4 million.

Engagement with all stakeholders will continue throughout the project. This will include regular reporting to BDBF Trustees and BHCC Members, project monitoring with funders, digital information and use of social media and by way of the project Evaluation Strategy to be implemented during the project.

2.5) List the key stakeholders and their interest areas.

Stakeholder	Interest area
BHCC	Freeholder of buildings and funder
BDBF Board of Trustees	Responsible for management and operation of venues
Audiences, artists and clients	Users of facilities
BH Economic Partnership	Local and regional economy
Heritage Lottery Fund	Strategic partner and funder
Arts Council England	Strategic partner and funder

2.6) What are the strategic issues, risks and constraints that may impact successful delivery of the project?

Planning permission and listed building consent have been granted for the proposed scheme. Non-material changes to the agreed scheme are agreed in principle with the local planning authority and a formal decision is expected in January 2017. If this is delayed the scheme can proceed on the basis of the existing approval.

2.7) Summarise any project dependencies that the project has or if there are other projects that are dependent on this delivery (either LGF funded or not) and state the impact to the project if these are not met.

This project is not dependent on the delivery of other projects. As Phase 1 of a three phase project, the following phases 2 & 3 are to a large extent dependent on Phase 1 proceeding in that it will demonstrate to potential funders including HLF and private trusts and individuals that delivery is achievable and that the project partners are focused on successful outcomes.

2.8) Please explain the disruption to the local area during the period of project execution and how you are looking to minimise these disruptions.

The principle source of local disruption will be the result of vehicle movements and site deliveries. The main contractor will provide all site management to mitigate disruption to the local road network and employ banksmen to ensure safe operations with all health and safety procedures implemented.

A key consideration in project planning and contractor appointment has been the ability to continue the operation of Brighton Dome Concert Hall (immediately adjacent to the construction site) during the works. This will mitigate negative impacts on local businesses as audiences will still be using both the venue and local businesses. We are confident of minimal disruption to the wider area and local business.

3. The Economic Case

3.1) Please describe the options that have been considered in selecting the project proposal. This should include a minimum of 3 options:-

- Do nothing, do minimum or status quo
- The proposed option (as set out in the executive summary)

- An **alternative option** (which may be based on changes to the scale, scope and cost of the proposed option)

Box 1:

Option Name:	Description:	Total cost:	Amount requested:	Core outputs (see 1.6)
Do nothing, minimum or status quo	Continue to provide ad-hoc maintenance and seek to address building failures as they arise with reducing maintenance budgets.	Current maintenance allowance of £140,000 p.a.	N/A	BDBF contains as existing with no new outputs. Risk of BDBF failure and loss of economic and cultural benefits.
Proposed option	Implement the optimum design solution as granted planning permission to achieve the stated aims and objectives and to deliver the new business model within the agreed budget. The design process has resulted in the scope of the project being reduced to bring costs within a reasonable level while maximising project benefits.	£20,029,103	£3,000,000	Employment-created and/or safeguarded; New floor space constructed/refurbished- learning; New floor space constructed/Refurbished- Commercial
Alternative options:	Deliver the RIBA Stage 3 design without value engineering the original designed project	£20,750,500	£3,000,000	Employment-created and/or safeguarded; New floor space constructed/refurbished- learning; New floor space constructed/Refurbished- Commercial

Box 2:

Option Name:	Advantages:	Disadvantages:
Do nothing, minimum or status quo	Avoids local disruption and inconvenience	The do nothing option would fail to address the deterioration of the building fabric and visitor and performer facilities and would not deliver the new business model. This option is likely to result in increasing maintenance costs that will be unsupported by new income generation and may lead to the closure of Brighton Dome.
Proposed option	Maximises project benefits within the agreed budget and delivers the new business model to secure the future financial viability of BDBF. Value	The design process has resulted in the scope of the project being reduced to bring down costs to within the agreed budget.

	engineering has achieved reduced costs while protecting the project outcomes.	
Alternative options:	Include design elements omitted during value engineering process.	Over budget and reduced value for money. Does not result in increased outputs or significant improvements in audience and artist experience over Proposed Option.

3.2) Specify the preferred option, with supporting justification for selection.

The Proposed Option is the preferred route as this optimises the return on the investment following a focused design development process that has maximised the use of the available space within the confined footprint of the building. The design reconfigures spaces to meet the brief where they are interdependent and not scalable. The proposed scheme provides value for money in that it delivers against the project aims to achieve the new business model and all project outcomes within budget.

3.3) Are there any issues to be resolved before this option may proceed?

None. The Proposed Option is ready to proceed.

3.4) What are the top 5 risks of this option? **A full risk register should also be sent as an appendix which includes quantification, ownership and mitigation for each.**

The top five risks of the proposed option are

- Achieving the remaining partnership funding to successfully complete the agreed scope of works and therefore achieve the project outcomes.
- Delays to construction works affecting the programme and budget.
- Main contractor claims for delay to programme.
- The effect of any delays on BDBF's operation and income and therefore, its on-going financial viability.
- Structural issues within the listed buildings arising during the works that were not identified in structural surveys and additional investigations carried out in preparing the scheme design.

A full risk register is provided separately.

Please complete the boxes below, answering only those relevant for the theme of your project, referring to the guidance available. **Please also complete the outputs tab of the supporting excel spreadsheet.**

3.5) How does the project positively affect the level of economic activity in a given area?

The project is investing in premises to promote economic activity that supports growth of the local cultural and tourist economy and therefore sustainable economic growth. Local businesses and job creation will benefit from the increased attendance, footfall and associated spend generated by this project.

If the project does not go ahead the audience and artist experience will not improve and audience numbers can be expected to decline with the associated reduction in local economic activity negatively affecting service sector businesses.

As this is Phase 1 of significant renovation and improvements to the Royal Pavilion Estate, if it does not proceed the following phases are also likely to be lost including the overall benefits and the estimated economic impact of the Royal Pavilion Estate project being:

- Support 116 new FTE jobs annually
- Creative overall annual economic impact of Royal Pavilion Estate Venues' of up to £68m and 1,241 FTE jobs.

The proposed capital works will deliver:

- 227 construction jobs on total construction cost of £21.8m.

- 44 construction apprenticeships

3.6) What are the environmental consequences, both positive and negative of the project?

The Mechanical & Electrical consultants appointed as part of the design team include a sustainability specialist who has monitored the design development and devised a sustainability matrix to ensure sustainability measures are maximised and responsibilities for implementing these identified. This has involved an assessment of the present and future carbon footprint of the buildings.

The improvements to the building fabric and mechanical and electrical installations as a result of the project following this analysis will result in significant improvements to the environmental performance of the grade 1 and 2 listed buildings. The HLF Carbon Footprint Reporter used by the project forecasts an annual reduction in electricity related CO₂ emissions of 28.207 tonnes and gas related CO₂ emissions of 12.681 tonnes. Due to the projected increase in visitor numbers, annual water related CO₂ emissions are forecast to increase by 0.927 tonnes.

3.7) What are the social consequences, both positive and negative of the project?

The project includes an extensive volunteering programme that will increase the capacity and skills of individuals and improve their work chances. It will recruit 200 new volunteers from local people who are currently socially or economically excluded. Specifically volunteers in: archiving (10), oral history (30), curation/exhibition development (20), guiding & greeting (40), event management (20), marketing (20) and digital development (20) with a focused opportunity for young people to engage.

The project improves accessibility to historic buildings for disabled users and will enable the presentation of a wider range of work by artists with disabilities.

The project enables the development of a cultural learning hub for the city. 'Our Future City', supported by Arts Council England, University of Brighton and other funding partners brings together over thirty organisations committed to improving outcomes for Children and Young people, an alliance of cultural, educational and public health organisations and digital businesses. This newly formed partnership is seen as a model of good practice nationally, championed by ACE and the RSA, and its potential delivery is unlocked by new space on the Royal Pavilion Estate being made available for Children and Young People to learn from and create with international artists, curators and entrepreneurs.

The project will support local supply chains during construction and through the operation of Brighton Dome's extensive cultural and conferencing activities.

Some local and intermittent disruption to the road network may be expected due to site activities and deliveries. These will only be experienced during the works period.

3.8) The number of people and businesses positively impacted by the intervention?

There are over 600,000 visitors annually to Brighton Dome's venues and 150,000 annual visitors to Brighton Festival who all take part in cultural and heritage-inspired creative programming and will benefit from the improvements carried out by the project.

BDBF's current business planning forecasts that the project will increase audiences, visitors & new catering customers by at least 100,000 per year by 2021 to over 700,000.

3.9) Does the project have any follow on investment potential?

Yes. Fundraising for Phases 2 and 3 will continue and can be expected to proceed in the next three 3 years. Successful delivery of Phase 1 will demonstrate commitment and achievability to potential funders including HLF and private trusts and individuals.

3.10) Skills projects only- How does this project increase the employability of learners, what sectors will the project impact and does this demonstrate the employment needs of the area?

3.11) Business and enterprise projects only- How does this project address business growth in terms of a 20% increase in turnover and jobs over the next 3-5 years.

This project will result in BDBF being able to generate increased revenue surpluses that will be recycled into the operation and maintenance of the grade 1 and 2 listed buildings. LEP funding will allow BDBF to achieve a projected annual surplus increase of between 80% to 100%.

The net annual impact of visitor expenditure for BDBF alone is estimated to be £17.5m with 317 FTE jobs supported and the project can also be expected to result in 30 new FTE jobs.

3.12) Infrastructure and Regeneration and Housing projects only- Physical and aesthetical impact- Does the project make a positive and lasting contribution to the physical, human and cultural environment?

Yes. This project will result in major improvements and refurbishment to nationally important Grade 1 and 2 listed buildings, securing their continued use and appreciation by the present and future generations. The renowned architects Feilden Clegg Bradley Studios lead the design of the project and have brought their considerable experience of working with important listed buildings. They have developed a high quality, exciting scheme that delivers against the ambitious brief while respecting and enhancing the listed buildings and nationally important context that is the Royal Pavilion Estate. The scheme will deliver new public spaces, improved cultural venues and enhanced public realm that will enrich the physical, human and cultural environment.

The scheme will enable BDBF to continue to provide the significant cultural and economic contribution to the life of Brighton & Hove through both its annual programme and Brighton Festival.

3.13) If your project results in service and other improvements then please provide baseline data below.

Metric	Baseline		What the intervention will achieve	
	Figure	Year	Figure	By when

4. The Commercial Case

4.1) Please provide details of your envisaged procurement route. Will your procurement trigger the OJEU process?

Both the appointment of the architect led design team and main contractor has triggered the OJEU process. This has been led and administered by the council's experienced procurement team in accordance with all relevant legislation including the Public Contracts Regulations 2015 and the council's own Contract Standing Orders.

4.2) If private development partners will be required to deliver the project, at what stage are discussions/negotiations?

N/A

4.3) Outline the procurement plan and timescales, including statutory and other consents.

The architect led design team was appointed in July 2015 following an open OJEU process led by the council's procurement team. To appoint the main contractor we have followed an OJEU process with a PQQ to produce a restricted list for the subsequent ITT.

ITT bids were received by the deadline of 11 November 2016 and following a rigorous and compliant evaluation process the council has identified its preferred main contractor. The council has issued an Award letter and following a mobilisation period the contractor is expected to commence works in February 2017.

4.4) How will the project contribute towards social value?

The project will support local supply chains during construction and through the operation of Brighton Dome's extensive cultural and conferencing activities.

By bringing together the organisations involved in 'Our Future City', we aim to achieve better targeted provision of cultural learning activities for those in most need and a more efficient management of cultural opportunities for Children and Young People.

Heritage Lottery Fund's investment in the project has recognised the untapped potential for people and communities stemming from the interpretation activity the project will commission across the Royal Pavilion Estate and as a result of the restoration of the Corn Exchange.

The project includes an extensive volunteering programme that will increase capacity of individuals and improve their work chances. It will recruit 200 new volunteers from local people who are currently socially or economically excluded. Specifically volunteers in: archiving (10), oral history (30), curation/exhibition development (20), guiding & greeting (40), event management (20), marketing (20) and digital development (20) with a focused opportunity for young people to engage

4.5) Please provide a detailed explanation of how your project is State Aid compliant and how you came to that opinion?

The project has been considered against the four state aid tests set out in the BIS guidance.

1) The approval of grant funding would constitute assistance by the state.

2) It favours certain undertakings or the production of certain goods.

Brighton Dome & Festival Limited, the leaseholder of the buildings may be considered an undertaking. However, as the council is the freeholder of the listed buildings being renovated by this project, should the project not proceed the council is likely to inherit greater liabilities than if it does and therefore may be justified on economic grounds.

3) It distorts or threatens to distort competition.

Due to the nature of the use of the buildings for predominantly cultural activities the grant funding is unlikely to distort competition.

4) It affects trade between Member States.

The refurbishment of these listed buildings is not likely to affect trade between Member States as it is unlikely that significantly more foreign visitors will be attracted to Brighton Dome than at present as audiences are predominantly attracted from the local and regional areas. Similar reasoning was used when the Commission decided the Brighton West Pier case (N560/01 and NN17/02).

The project does not appear to meet all four tests of State Aid and therefore the measure appears to be State Aid compliant.

5. The Financial Case**5.1) what is the estimated total project cost and the amount of LGF being applied for? Please**

complete the funding breakdown tab in the supporting excel spreadsheet.

Year	Total project cost	LGF
16/17	£3,191,434	£1,000,000**
17/18	£10,189,458	£2,000,000
18/19	£6,614,683	0
19/20	£33,528	0
Total	£20,029,103	£3,000,000

** Should the LGF wish to reprofile grant allocation this amount could be increased against project spend for 2016/17 with proportionate reduction in future years.

5.2) Please set out the project costs using summary spend areas in the table below. LGF will only fund capital expenditure.

State date of this estimate - 06 January 2017

Projects costs (delete as appropriate)	Total cost (£)	LGF (£)	Match funding (£)
Land Acquisition	0	0	0
Planning and Feasibility studies ¹	0	0	0
Surveys	44,500	0	0
Construction, inc- materials, equipment and labour	14,623,914	2,650,000	11,973,914
Fit out (inc. equipment and furnishings not included in construction)	687,994	0	687,994
Project management	0	0	0
Consultancy	1,193,431	350,000	887,931
Other (please specify)	587,000 (BDBF closure costs) 671,604 (Fundraising costs) 312,831 (Heritage Interpretation costs) 8,520 (Local authority fees and charges) 20,000 (evaluation)	0	1,599,955
Contingency*	1,879,309 (approx. 10% of project costs for works to listed buildings)	0	1,879,309
Total Net Cost	20,000,583	3,000,000	17,000,583
VAT (0	0	0
Total Gross Cost	20,029,103	3,000,000	17,029,103

***Note-Contingency:** where an element of contingency has been added on of individual cost elements it is assumed that there is a significant level of doubt about the future costs (the level of contingency is influenced by the extent of the doubt)

¹ Carried out in previous years

5.3) Please provide a Net Present Value cash flow analysis for each of the options. Workings should be included as an appendix.

Options	NPV
Do nothing, minimum or status quo	
Proposed option	
Alternative option	

Please detail your project assumptions and discount rate used-

This project does not result in a positive return on investment and therefore a NPV has not been included.

5.4) Please detail how the project offers value for money. You should look to address the following. Cost per job, cost per home, deadweight, displacement, benefit cost ratio and any other evidence of value for money.

The project costs have been through several rounds of cost consultancy testing and value engineering, and are now based on the final scheme design. These costs were considered to be robust and to provide a high degree of certainty. This has been confirmed through an OJEU procurement process that has tested the market and resulted in a potential contract sum that is within 2.05% of the Pre-Tender Estimate. We are now in a position to enter into a contract with the preferred contractor to carry out the works.

The preparation of the funding bids to Arts Council England and HLF has required considerable testing of the project aims and objectives. This has involved scrutinising and justifying the project scope and testing value for money to ensure that outcomes are clearly defined and can't be realised in a different or cheaper way. The success of these bids for a combined total of £10.8million demonstrates that the project is coherent and offers value for money for both ACE and HLF.

The increased economic activity as a result of the Phase 1 works is estimated to result in 30 additional new FTE indirect jobs that would not have occurred without the project proceeding. This would result in an LGF cost of £100,000 per job. The longer term project is forecast to produce 116 additional new FTE indirect jobs at a cost of £25,862 per job.

An important project objective is to secure and increase future revenue from BDBF operations that will be used to pay for maintenance of the grade 1 and 2 listed buildings. This will ensure reduced pressure on the council's limited available funds and ensure that the buildings will be properly maintained over the long term and continue to meet operational requirements. Increased revenue as a direct result of the project will allow BDBF to introduce a new allowance for Annualised Maintenance Investment from zero in 2015/16 to £50,000 in 2019/20, £90,000 in 2020/21, £100,000 in 2021/22 and then continuing at this level. The allowance for General Maintenance / Equipment Costs will also be increased annually from £314,096 at the end of the Phase 1 works in 2018/19 to £397,887 in 2026/27.

The amount of LGF funding requested will provide certainty to the funding model and support the project in achieving the works programme and project objectives and outcomes.

5.5) Please confirm the VAT status of the delivery body that would be in receipt of LGF. If VAT is irrecoverable on this project please state why.

The council as delivery body is able to recover VAT on the project.

5.6) How will the project be sustained financially after the investment of LGF is completed?

BDBF has completed a detailed Business Plan that has been used to underpin successful funding bids to both Arts Council England and Heritage Lottery Fund. The Business Plan models future revenue growth from increased economic activity and reduced maintenance and running costs that will be made as a direct result of the proposed project works. These will combine to ensure the future viability of the business in the face of reducing local authority and Government funding for the arts and culture. As well as self-generated revenue, BDBF receives index linked funding from Brighton & Hove City Council under the terms of its long term lease of the buildings and grant funding from a number of sources including the Arts Council England and private trusts and individuals.

6. The Management Case

6.1) In which financial year do you expect your project to commence?	2016/17
6.2) What is your expected on-site start date?	06/02/17
6.3) In which financial year do you expect your project to complete?	2018/19
6.4) Please set out the key milestones related to the project in the table below, adding more rows if necessary. Please attach a project plan as an appendix if one is available.	

Contractor mobilisation, January 2017
 Start on site, February 2017
 Complete works, August 2018

A project plan Task Sheet is attached as an annex.

6.5) Please set out the project management arrangements that will be used to successfully manage the project to time and budget.

Brighton & Hove City Council is providing dedicated project management services and senior leadership for this project as it is a priority project and is recognised as critical for the city's cultural offer and an important element of the local economy. The council's dedicated project team brings together officers with a range of expertise including legal, finance, procurement, property and communications.

The project manager reports to the Senior Responsible Owner, the council's Executive Director Economy, Environment and Culture who chairs the Royal Pavilion Estate Project Board and leads change control and oversight of project programme and budget.

Fielden Clegg Bradley Studios has been appointed as project architect and leads the design team and brings considerable experience of delivering complex heritage and redevelopment projects and provides expert advice on programme requirements and scheduling of works. The design team includes the quantity surveyors Jackson Coles who provides cost advice and maintains a full programme cost schedule to ensure the project is within budget.

6.6) Please set out the project roles and responsibilities.

The decision making body for the capital project is the council's Policy, Resources & Growth Committee. The Committee generally meets monthly and project reports can be taken forward as required and instructed by the Senior Responsible Owner (SRO).

BHCC's Executive Director Economy, Environment & Culture, Nick Hibberd, is the SRO and chairs the Royal Pavilion Estate Capital Project Team and Royal Pavilion & Museums Project Board, who are tasked with delivering a world-class culture, heritage and arts destination. Principle responsibilities include:

1. To provide overall direction and management of the programme, ensuring alignment with organisational priorities and identifying and handling any interdependencies.
2. To agree the scope and ensure delivery of the capital works.
3. To approve key project documentation.
4. To monitor progress and ensure adherence to the Project Execution Plan, receiving regular Highlight Reports from the Project Manager.
5. To approve the key outputs and agree any changes to the Project Execution Plan.
6. To make recommendations on major decisions.
7. To monitor resource requirements (budgetary and staffing), ensuring that these are released, redirected or procured as necessary.
8. To identify, monitor and manage strategic risks.
9. Via the Chair, to represent the programme at and/or report to Policy, Resources & Growth Committee to:
 - Obtain on-going political support;
 - Update on progress;
 - Make recommendations and request steer or decisions, as required;
 - Escalate priority risks and seek agreement on mitigation strategies, and;
 - Receive direction and relay necessary actions and amendments to the Project Execution Plan.
10. To identify and manage significant stakeholder relations, ensuring that there are appropriate methods for engagement.
11. To develop core communications messages, ensuring effective and timely communication, engagement and dissemination of information within each project, the programme and partner organisations

The project is being managed day to day through BHCC Major Projects and Regeneration Team and Richard Davies, a team member for over 10 years the appointed Project Manager.

Feilden Clegg Bradley Studios (FCBS) has been appointed as the lead consultant of the design team commencing from 1 July 2015. The design team includes FCBS (architects), Arup (structural engineer), Max Fordham (M&E, sustainability, lighting, BREEAM), Jackson Coles (QS), Charcoalblue (theatre & acoustic consultant), LT Studio (landscape architect), All Clear Designs (access consultant), Fire Surgery (fire engineer) and Baqus (H&S advisor to Principal Designer).

FCBS advise the council and BDBF on all design related issues including agreeing design development and will provide contract administration once works start on site. Following the RIBA Stage 4 design freeze, the FCBS change control process has been adopted for the project.

The fundraising campaign is being led by Liam Fisher-Jones, Partner of More Partnership. Liam brings considerable expertise and experience to the project following his successful over ten years running the Royal Shakespeare Company's £112m recent capital campaign.

6.7) Please explain what governance, oversight and accountability arrangements will be put in place if your project is awarded Local Growth Funding.

The project will be managed within the council's existing governance and reporting structure including financial controls and monitoring. Corporate management of the project sits with BHCC's Policy, Resources & Growth Committee who has endorsed the project and the funding. The project team provides oversight of the project and receives a monthly project finance report. This is reported to the Senior Responsible Owner who chairs both the project team and the Royal Pavilion Estate Project Board and who is responsible for change control.

The project is included in the Greater Brighton Investment Programme project pipeline and on 26 January 2016, the Greater Brighton Economic Board endorsed submission of the project for LGF funding.

6.8) Please set out the strategy and plan for communications and stakeholder management?

A Communications Plan has been prepared and agreed by the project partners that sets out keys actions and engagement with stakeholders and will be used to guide all communications.

6.9) Please set out the strategy and plan for dealing with the management and delivery of benefits.

BDBF is responsible for the year-round operation of the Brighton Dome and for delivery of the renowned Brighton Festival. The organisation has built an enviable & diverse portfolio of activities to establish itself as a leading cultural hub both regionally & nationally, reaching annual audiences of over 600,000. Music, dance, theatre, and comedy are all accompanied by an active programme of creative learning & participation & supported by commercial activities. BDBF management and activities are all focused on delivering its 2020 vision: to be one of Europe's leading arts festivals and a year-round destination for artists and audiences.

6.10) Please set out the arrangements for a post project evaluation.

An Evaluation Strategy has been completed and an independent consultant will be appointed to implement this throughout the project.

The aims of the evaluation are to:

- Provide robust evidence about how the project is meeting its aims and objectives.
- Provide data to support and encourage, from the very beginning, on-going improvements in all aspects of project delivery.
- Disseminate and share the lessons learnt with colleagues internally, within the project team and with BHCC, RPM and all organisations involved in capital developments in the heritage and cultural sectors.
- Provide evidence of what benefits visitors and participants have gained from the project.
- Provide evidence which will inform the development of productive and long-lasting relationships with users and visitors.
- Provide data which will play a significant role in developing ideas and planning future projects.

We aim to align our evaluation work to best practice and will therefore ensure that our review and evaluation is compliant, where relevant, with relevant standards and codes of conduct including:

- HLF evaluation guidelines.
- Inspiring Learning for All Framework.
- Market Research Society Code of Conduct.
- UK Evaluation Society Good Practice Guidelines.
- The Data Protection Act 1998.

- The Equality Act of 2010.

This will ensure that all participants are respected and findings are robust.

Recommendation/ Declaration

Recommendation- please state clearly the recommended action this business case supports.

This business case recommends the delivery of Phase 1 of renovation and improvements to the Royal Pavilion Estate and that LGF is committed to the project to ensure the successful achievement of all identified outcomes.

Declaration:	I certify that the information provided in this Outline Business Case is complete and correct at the time of submission.
Signature:	<i>N. M. Hibberd</i>
Print Name:	Nick Hibberd
Title:	Executive Director Economy, Environment & Culture
Date:	06 January 2017

Before submitting your Business Case ensure you have all the required supporting documentation:

- One electronic copy of the business case template, signed and dated
- Excel Spreadsheet
- Any other Supporting documents and evidence required

